

# SECTION III

## Summary Schedule of Prior Audit Findings



*Freedom from Want*

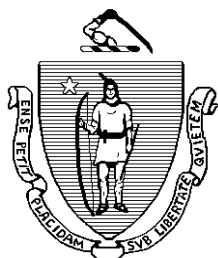
*The Saturday Evening Post*, March 6, 1943 ©1943 SEPS: Licensed by Curtis Publishing, Indianapolis, IN.

Rockwell said, “I’ll express the ideas of the **Four Freedoms** in simple, everyday scenes. . . . Take them out of the noble language of the proclamation and put them in terms that everybody can understand.”

On Thanksgiving Day, Rockwell photographed his cook presenting the turkey to his family. “She cooked it, I painted it, we ate it,” Rockwell reported. “That was one of the few times I’ve ever eaten the model.”



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**Summary Schedule of Prior Audit Findings**

*Report on Compliance and Internal Control in Accordance with Government Auditing Standards and the Requirements of OMB Circular A-133 and the Schedule of Expenditures of Federal Awards for the Fiscal Year Ended June 30, 2004.*

The following schedule contains the finding number and title, segregated by Commonwealth department, for each of the findings included in the fiscal year 2003 (FY2003) Report. If the finding repeated as a result of the fiscal year 2004 (FY2004) audit, the current year finding is referenced after the FY2004 status of the FY2003 findings. The letters under the heading *Corrective Action* indicate the following:

- F Full (the corrective action plan was fully implemented)  
P Partial (the corrective action plan was partially implemented and the finding repeated)

**Department**

**Corrective Action**

**Division of Employment and Training**

Finding Number 1: Employers not Assessed Penalties for not Filing Required Returns F

**Department of Fire Services**

Finding Number 2: Late Recording of Fixed Assets F

**Department of Mental Retardation**

Finding Number 3: Collection of Accounts Receivable Needs Improvement P-3

The Department requested and received approval (on November 2003) from the Social Security Administration to change the representative payee from the client's guardian to the Department. An outstanding prior balance of \$ 60,557.21 exists. The Department has been collecting payment for the client since that time. The Department intends to forward this balance to one of the Commonwealth's collection agencies. If it is determined that there is no funding available to collect, the Department will consider writing off the outstanding receivable.

**Department of Public Health**

Finding Number 4: Non-Recording of Fixed Asset Transaction F

Finding Number 5: Inability to Provide Supporting Documentation for Accounts Receivable F

## Summary of Schedule of Prior Year Audit Findings

### Massachusetts Highway Department

Finding Number 6: Oversight of the Owner Controlled Insurance Program Needs to be Improved F

Finding Number 7: Late Recording of Fixed Assets F

### Department of Social Services

Finding Number 8: Internal Controls over Fixed Assets Needs Improvement P-4

Commencing immediately, all newly purchased furniture and equipment with a value exceeding \$1,000 will be recorded in the Department's inventory and tagged in accordance with Commonwealth policy.

Finding Number 9: Payroll Certifications not Completed F

### Department of Fisheries, Wildlife and Environmental Law

Finding Number 10: Late Recording of Fixed Assets F

### Massachusetts Rehabilitation Commission

Finding Number 11: Non-GAAP Fixed Asset Accounting and Reporting F

Finding Number 12: Business Continuity Plan not Implemented F

### Department of Housing and Community Development

Finding Number 13: Non-GAAP Fixed Asset Accounting and Reporting Needs Improvement F

### State Reclamation Board

Finding Number 14: Late Recording of Fixed Assets F

### Office of the State Treasurer

Finding Number 15: Debt Management Operations – Failure to Follow-up and Correct Previously Identified Internal Control Deficiencies F

### Massasoit Community College

Finding Number 16: Improvements Needed in the Reconciliation of College Records to the Commonwealth's Accounts Receivable Subsystem F

### Roxbury Community College

Finding Number 17: Non-Appropriated Fund Activity and Balances not Reconciled Monthly P-11

The College has provided the audit team with an end of year reconciliation for FY2003; however, the figures were never entered into the Massachusetts Management Accounting and Reporting System (MMARS). The College will begin the practice of quarterly reconciliation of non-appropriated funds into MMARS. Specifically, three-month intervals of financial data will be reconciled to MMARS as soon as that data (in its entirety) becomes available.

### Salem State College

Finding Number 18: Improvements Needed in the Reconciliation of College Records to the Commonwealth's Accounts Receivable System F

## Summary of Schedule of Prior Year Audit Findings

### Executive Office Of Public Safety (EOPS) /Committee on Criminal Justice

Finding Number 19: Contract and Payment Vouchers not in Compliance with Commonwealth Policies P-44

The EOPS Programs Division is no longer paying for services outside of the contract period as reported on quarterly reports. Actual contract periods are being entered onto the state accounting system to correspond with the last signature date or anticipated contract start date, whichever one is later.

Finding Number 20: Advances Made to Sub recipients F

Finding Number 21: Salaries Allocated to Federally-Funded Programs are not Supported by Proper Documentation P-45

The EOPS Programs Division developed a time allocation sheet based on budgetary amounts at the beginning of the year. In January the first review and employee monthly certification process began, so that the quarter of 1/1/04-3/31/04 will have sufficient documentation to adjust between budget estimates and actual performance.

Finding Number 22: Buyback of Leave Time for Early Retirement Charged to Federal Funds F

Finding Number 23: Management Financial Approval of Payment Vouchers after Disbursement of Funds P-49

The EOPS Programs Division started the corrective action plan (CAP) outlined in the FY2003 audit report in January of 2004. Current reimbursement requests are following the 15 step bill paying policy.

Finding Number 24: Monitoring of Subrecipients Needs Improvement P-48

The EOPS Programs Division has been making numerous financial and programmatic site visits in an honest effort to achieve the percentages set out by management. Programmatic and financial site visit reports are formulated after the visit and are recorded on agency databases.

Finding Number 25: Inadequate Supporting Documentation for Expenditures P-47

The EOPS Programs Division has increased and updated its requirements for reimbursement and supporting documentation. The agency has developed an educational tool for sub-grantees that describes the documentation required to be submitted to EOPS for reimbursement and the documentation to be maintained at the sub-grantee level for inspection during fiscal and programmatic site visits. Agency personnel will use this schedule for the next funding cycle.

Finding Number 26: Improvements Needed over Reconciliations P-50

The EOPS Programs Division will review its internal control plan and process for reconciliations and modify or create additional processes to ensure that all credits are tracked appropriately and that funds due to the Commonwealth are accounted for and credited to the appropriate funding stream.

## Summary of Schedule of Prior Year Audit Findings

### Executive Office Of Public Safety (EOPS) (continued)

Finding Number 27: Department of Justice Review and Recommendations for Corrective Action F

Finding Number 28: Federal Investigation of Byrne Formula Grant Activities P-51

The Programs Division has completed the re-organization, standard bill paying policy, and contract policy outlined in the corrective action plan. In addition, EOPS has contracted an outside auditing agency to audit up to four sub-grantees, depending on cost per audit, to evaluate policies and procedures that are weak both at the Programs Division and sub-grantee level. The result of the afore-mentioned audits will help to strengthen internal policies for administering grants and providing guidance to our sub-grantees.

### Office of the Comptroller

Finding Number 29: Additional Costs included in the Statewide Cost Allocation Plan P-16

The Office of the Comptroller has agreed to implement the recommended procedures and plans to ensure costs are allocated accurately and without duplication. The Division of Cost Allocation, the federal audit resolution agency, has accepted the resolution of this finding in correspondence dated September 21, 2004.

Finding Number 30: Documentation Supporting the Statewide Cost Allocation Agreement Needs Improvement P-17

The Office of the Comptroller has taken steps to implement new procedures and reviews for preparing the Statewide Cost Allocation Plan and its supporting documentation. The Division of Cost Allocation, the federal audit resolution agency, has accepted the resolution of this finding in correspondence dated September 21, 2004.

### Division of Medical Assistance

Finding Number 31: The Recording of Aged Accounts Receivable Needs to be Reviewed on a Timelier Basis P-37

The corrective action is in progress, on schedule and will be fully implemented by 6/30/04. FY2004 aged open receivables for calendar years 2000 through 2002 have been reviewed and submitted to the Comptroller's Office requesting write-off. The accounting unit will continue to review open receivables on a quarterly basis and submit write-off requests to the Comptroller on a timely basis.

Finding Number 32: A Report on a Service Organization's Internal Controls is Needed F

Finding Number 33: Untimely Filing of Plan of Care (POC) and Level of Care (LOC) Documents P-34

An additional software application was designed to track all waiver participants, their waiver eligibility criteria and documentation. In combination with the Electronic Individual Service Plan application and the POC application, this waiver-tracking database completes the triad that allows the Department of Mental Retardation (DMR) to track all aspects of an individual's waiver status. Although there was an extended period of development for each of these applications, all are now fully functional. In addition, during the last year a DMR staff person was assigned the responsibility of Waiver Coordinator to oversee waiver eligibility and documentation.

## Summary of Schedule of Prior Year Audit Findings

### Department of Education

Finding Number 34: Inadequate Administrative Expenditures Procedures

P-18 & 19

We expect approval of our CAP this April. We have and will continue to provide in-service fiscal training to budget, procurement, and payment fiscal staff and program fiscal liaisons.

Finding Number 35: System for Charging and Adjusting Salaries to Federal Programs Needs Further Improvement

F

Finding Number 36: Vocational Education Program Administration Matching and Maintenance of Effort Requirements not Met

P-20

The Department has worked extensively with the Executive Office of Administrative and Finance to attempt to secure adequate state funding to meet the annual Vocational Education program administration matching and maintenance of effort requirement. Both agencies are working collectively with the House and Senate Ways & Means Committees to secure adequate funds through the budget process. The Department is also closely monitoring our Vocational Education administration funds to limit the amount for the state match.

Finding Number 37: Lack of Data to Measure Earmarking

F

Finding Number 38: Maintenance of Effort System Needs Improvement

F

Finding Number 39: Errors in Federal Reports

F

Finding Number 40: Measurement of the Title I 15% Carryover and the Amount Reallocated Needs Improvement

P-21

The current procedures for tracking Title I carryover will be reviewed and adjustments made as needed. Title I and Grants Management have discussed and agreed on new steps to ensure and document that all recipients submit final expenditure reports in a timelier manner. If it is determined that subrecipients have excess carryover, and no waiver can be granted, those funds will be reclaimed and made subject to the reallocation process no later than mid-January, following the reporting cycle.

Finding Number 41: Lack of Procedures to Assure Required Minimum Distributions are Met

F

Finding Number 42: Inadequate Subrecipient Monitoring of New Program

F

*continued*

## Summary of Schedule of Prior Year Audit Findings

### Department of Revenue/Division of Child Support Enforcement (CSE)

Finding Number 43: Ineffective Case Tracking and Management System

P-24

CSE added functionality to the *Commonwealth of Massachusetts Enforcement Tracking System* (COMETS), its comprehensive case tracking and management system that prompts workers to review new locations and asset information. CSE is continuing to hire additional staff for the location and establishment functions. With more than thirty new staff on board in FY2004; however, CSE is still experiencing attrition among attorney staff. All other corrective action plan elements are ongoing, including weekly monitoring of case inventories, improved coordination with the Department of Transitional Assistance on public assistance cases needing the establishment of child support orders, and outreach to the courts and the private bar on establishment and enforcement issues.

Finding Number 44: COMETS Does not Comply with Federal Requirements

F

### Department of Public Health

Finding Number 45: Incorrect Amount Reported on the PSC 272

F

Finding Number 46: The Preparation and Filing of the SF 269A Report Needs to be Streamlined

F

Finding Number 47: Untimely Issuance of Management Decisions for Subrecipient Audit Findings

F

Finding Number 48: Overspending of Penal and Correctional Facilities Earmarking Maximum

F

Finding Number 49: Medical Licenses Number not Obtained

F

### Massachusetts Highway Department (MassHighway)

Finding Number 50: Subrecipient Identification and Award Documents Need Improvement

P-26

MassHighway is using standard contract language in all subrecipient agreements. The MassHighway Planning Section manages the majority of the Department subrecipients. They continue to maintain a log of subrecipient contracts, subrecipient expenditures, and audits (date received and findings). Audits are now reviewed centrally by the MassHighway Audit Section.

Finding Number 51: Proceeds from the Sale of Federally-Funded Property not Deposited or Transferred on a Timely Basis

F

### Department of Social Services (DSS)

Finding Number 52: Timeliness of CORI Checks Needs Improvement

P-29

DSS management will continue to emphasize the importance of completing timely criminal background checks on foster care providers and fully utilize the FamilyNet system to inform Family Resource staff and the Central CORI Unit of checks that need to be performed.

*continued*



## Summary of Schedule of Prior Year Audit Findings

### Department of Social Services (DSS) (continued)

Finding Number 53: The Process for Home Licensing Needs Improvement

P-30

Representatives from the Field Operations Division will work with other DSS staff in designing and developing a status report of foster home licenses, by area office. The report will provide an analysis of the timeliness of license reviews completed, as well as any that may remain outstanding.

Finding Number 54: Controls over FamilyNet and Home Licensing Report Data Need Improvement

P-31

Representatives from the Field Operations Division will work with other DSS staff in designing and developing a status report of foster home licenses, by area office. The report will provide an analysis of the timeliness of license reviews completed, as well as any that may remain outstanding.

### Executive Office of Elder Affairs

Finding Number 55: Federal Reports were not Reconciled with the Commonwealth's Accounting System

P-39

With the introduction of the new accounting system on July 1, 2004, all transactions now require coding that distinguishes the specific federal grant, the grant year to be charged, and the purpose of the activity for which the expenditure is made. Elder Affairs has implemented these codes and is now able to separate allocations and expenditures by grant award. At the present time, Elder Affairs believes it has met the standard.

Finding Number 56: Federal Reports Compiled from Provider Information not Area Agency on Aging Information

F

Finding Number 57: Indirect Cost Plans not Finalized

F

Finding Number 58: Lack of Documentation to Support Period of Availability Requirements

F

Finding Number 59: Monitoring of Area Agencies on Aging Needs to Continue to Improve

P-41

The reviews on Area Agencies on Aging (AAA) are nearly complete. The standards document will be issued to AAAs by the end of March. The Title III unit will begin on-site monitoring visits in early April 2004, and will complete on-site monitoring reviews of at least six AAAs by June 30, 2004.

Finding Number 60: Monitoring of Audit Findings Relating to Area Agency on Aging Needs Improvement

P-42

Elder Affairs is developing an audit review and resolution system that will have specific requirements for timely reviews of Area Agency audits, follow-up of corrective action plans, and issuances of management decisions.

*continued*

## Summary of Schedule of Prior Year Audit Findings

### Department of Transitional Assistance

Finding Number 61: Food Stamps Status of Claims Against Household Report Filed with Inaccurate Data

P-54

The FNS 209 reports for the first quarter of FY2004 and the fourth quarter of FY2003 were reconciled to the *Benefit Eligibility and Control On-line Network* (BEACON). The recovery unit continues to work on providing accounting reports that will facilitate the reconciliation process. A revised BEACON monthly activity report was submitted for programming.

Finding Number 62: Failure to Provide Necessary TANF Case File Verification Forms F

Finding Number 63: The BEACON System Lacks the Appropriate Segregation of Duties F

Finding Number 64: TANF Benefit Overpayment F

Finding Number 65: Failure to Perform Federal Tax Information Match F

### Quinsigamond Community College

Finding Number 66: Outstanding Checks Need to be transferred to the Office of the State Treasurer's Unclaimed Check Fund or the Federal Grantee

F

### Roxbury Community College

Finding Number 67: Roxbury Community College Administration Needs Improvement

P-62

The College will continue to implement administrative improvements. Improvements will be continually monitored and reviewed by an internal task force of employees. The overall improvement of student financial aid administration has been identified as a major priority and will remain a priority for future years.

Finding Number 68: Students Inappropriately Awarded Pell Grants without a Documented High School Diploma or Equivalent